

Student Financial Aid

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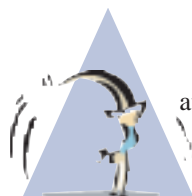
Money . . . Money . . . Money

You've decided to go to college, you've decided which school you want to go to, you've sent in your application, and you've checked on all the deadlines and orientations. Now the million dollar question . . . **HOW AM I GOING TO PAY FOR THIS?** The answers to many of your questions will be addressed in this chapter. Don't forget that your greatest source of financial aid information will be the financial aid office of the school you plan to attend.



Don't be dejected . . . the school of your dreams may not as far out of reach as you might think. Don't give up . . . research the availability of financial aid. You may qualify for financial help based on

academic achievement,



athletic skill,

musical ability,



or some other talent, but it might just be as simple as financial need. Contact the financial aid office at the school you want to attend and find out what's available. It might surprise you.

A formula set by Congress is used to calculate financial need. In order to find out what state and federal aid you will qualify for, you and your parents need to fill out the Free Application for Federal Student Aid (FAFSA). There may be other forms you'll need to fill out, so be sure you check with the school before submitting your application.

The 2003–2004 estimated costs for most Alabama colleges are included in Chapter 3. For out-of-state schools, consult *The College Cost Book* or *The College Handbook*, published by the College Board, in your school library or counselor's office.

So remember . . . check with the school you want to attend to find out the latest costs and what kind of financial aid package it's offering you. You might be surprised to find

out that it won't cost you anymore to go to a high-cost school than a lower-cost school. But you'll never know unless you ask. You can compare the costs of different schools by using the "Package Evaluation" on page 44.

Did you know you might be able to go to an out-of-state school for the same cost as an in-state school? If the academic program you want is not available in Alabama but is available in one of the participating states of the **Academic Common Market**, you may be able to attend there for the same cost as you would if you were a resident of that state.

About 150 schools from the following states participate in the Market at the undergraduate and graduate levels: **Alabama, Arkansas, Delaware, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia. Florida, North Carolina, and Texas** participate at the graduate level. For information about and certification for the Academic Common Market, write to the Alabama Commission on Higher Education, P.O. Box 302000, Montgomery, AL 36130-2000; call (334) 242-2209; or visit www.ache.state.al.us/ACM/Index.htm.

Academic Common Market States
Graduate-Level Participant States



Questions . . . Questions . . . Questions



Did you know? Even though a college education isn't cheap, it's more affordable than you think. As we discussed on the previous page, financial aid comes in many kinds. More than likely, you'll qualify for more than one type. Let's look at some common questions and see if we can provide helpful answers.

What is need-based financial aid?

Need-based aid helps you pay school costs when your family can't afford to foot the whole bill for college.

Who gives financial aid?

Schools, state and federal governments, and private businesses and organizations provide financial aid. But you and your family must pay as much as you can towards your school expenses.

How is financial aid awarded?

It's awarded based on financial need (need-based aid) or on academic achievement, athletics, or other talents (merit-based aid). Most financial aid is need-based but is often awarded in combination with merit-based awards.

Who develops the financial aid process?

Generally, your school's financial aid office develops your financial aid package based on guidelines and law. The package

is typically a combination of grants, scholarships, work-study, and/or loans and depends on what funds are available.

Where can I get financial aid information?

Free financial aid information can come from your guidance counselor, the financial aid officer of the school(s) you're interested in attending, and from www.alstudentaid.com, the Web site of the Alabama Student Loan Program—KHEAA.

More information can be found on pages 24–28.

How do I apply?

If you're going to a public or private Alabama college, university, technical college, or trade school, you must file the Free Application for Student Financial Aid (FAFSA) to be considered for an award from the following major state and federal student financial aid programs: Alabama Student Assistance Program Grant, Alabama Student Grant,

Types of Financial Aid

Grants: Awards based on need that usually do not have to be repaid.

Scholarships: Awards based on some kind of special achievement, either academic, athletic, or service. These are merit-based and usually do not need to be repaid.

Work-study: Part-time employment that lets a student earn money toward a college education either on or off campus.

Student loans: Money borrowed, either from a bank, the government, or a school. A student loan must be repaid. However, low interest rates are available, and repayment doesn't start until you've either left school or graduated.

Conversion scholarships: Scholarships that require you to provide certain services for a period of time. If you don't, you have to repay the money with interest.

Waivers: An arrangement offered by some schools to eliminate certain costs for students who meet certain qualifications.

Military benefits: Financial assistance offered to individuals (or their dependents) who either were or are going to be in the U.S. Armed Forces.

Prepaid tuition: A contract guaranteeing fully paid tuition for a fixed number of credit hours at a participating school. You have to pay a certain amount up front.

National service award: An award received for education expenses in return for national or community service.



Federal Stafford Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan.

If you have any questions or need help completing the FAFSA or to find out if other application forms are required, check with the financial aid office at the school you plan to attend. **Read the instructions on all forms carefully and follow them to the letter.**

When do I apply?

As soon as possible! The first thing you must do is make sure the FAFSA is filled out. This is done using the previous year's tax data. The earlier you file after January 1, the better your chance of getting financial aid.

Be sure to check with the financial aid offices of the schools you're interested in to find out their deadlines.



What is need analysis and how is it determined?

Need analysis is used to determine if you need student aid, and if so, how much. This is determined by subtracting your expected family contribution (EFC) from the total cost of attendance.

Okay . . . then exactly what is the EFC and how is it figured?

The EFC is figured from the information on the FAFSA using a formula set by Congress. The result is the amount you and your family are expected to pay toward your college costs. If you are considered an independent student, the EFC is figured on your own financial resources (and those of your spouse, if you're married). See column to the right for definition of dependent and independent students.

What if I don't qualify for financial aid this year?

Remember that old saying . . . *If at first you don't succeed, try, try again.* Reapply each year you plan to attend. There's another old saying . . . *Things change.* It's true too.

What is "satisfactory academic progress" mentioned in the eligibility criteria of some financial aid programs?

School and federal regulations determine the eligibility criteria. To continue receiving aid under these programs, you must make satisfactory academic progress according to your school's policy. Check with the schools you're interested in to find out exactly what the requirements are.

Who coordinates the financial aid process?

This is almost always done by financial aid offices. Check with them to see what you qualify for and what kind of financial aid package they can offer you.

What does financial aid cover?

Financial aid must be used to pay the costs of education, which may include:

Direct Costs	Living Expenses
Tuition / Fees	Transportation / Housing / Food
Books / Supplies	Personal

Am I "Dependent" or "Independent"?

Most students who are entering college straight from high school are considered dependent students. For the 2003–2004 academic year, you're a dependent student unless at least one of the following applies to you:

- You were born before January 1, 1980.
- You're married.
- You're enrolled in a master's or doctorate program during the 2003–2004 school year.
- You have children or other dependents who receive more than half their support from you through June 30, 2004.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If any of the above apply to you, you're considered an independent student. Your school may ask you to submit proof of your independent status before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.



Family Considerations

What can I do if my parents claimed me as a tax exemption last tax year but gave me no money or support?

Although you don't meet the federal definition of an independent student, you should discuss your situation with the financial aid director of the school to find out if he or she can assist you.

If I have a brother or sister attending college, will my EFC be less?

Probably. As a rule, if two family members (other than a parent) are in college at least half-time, the EFC is divided by two.

If my parents are divorced or separated, which one should provide the information for the parent's portion of the FAFSA?

The parent with whom you lived the most during the past 12 months should complete the application. If you lived with each parent an equal length of time or lived with neither parent, the parent providing the most financial support for you during the last year should complete the form.

If I have a legal guardian, does (s)he have to provide financial information on the FAFSA?

No. Financial information from an applicant's legal guardian is not collected, even if that guardian has been directed by a court to support the applicant.

How much can I get?

The total amount of need-based financial aid can't exceed the school's total cost of education minus the EFC. More information about sources and amounts of financial aid awards in Alabama can be found on pages 32–38.

You can log on to www.alstudentaid.com and use our interactive College Aid Calculator, developed by Think Ahead of Dresden, Maine, to get an estimate of how much financial aid you can receive. You don't need to use your

Social Security number, and the information is deleted as soon as the EFC is calculated. Remember . . . this is only an estimate . . . your actual EFC will be determined from the information on your FAFSA.



When will I know how much I will get?

If you apply for state and federal aid between January and April, you should be notified of your award(s) during the late spring or early summer.

What are Federal Family Education Loans and Federal Direct Loans?

Federal Family Education Loans are made by lending institutions and generally insured by state or private, non-profit entities such as the Alabama Student Loan Program—

KHEAA. Your loan application is certified and your loan disbursed through the school.

Federal Direct Loans are financed by the U.S. Department of Education using funds it borrows from the U.S. Treasury. The program is administered by the school.

See pages 34–35 for information on federal loans. Check with the school you plan to attend to see which type of loan is available to you.

What is the school's refund policy?

Every school that awards federal student aid must have a written refund policy and give you a copy of that policy if you request it. It's important to find out before you apply for admission if you can get a refund if you withdraw from school before you get your degree or certificate.

What is an enrollment contract?

Some schools use an enrollment contract to explain what you can expect them to give you for your money. Read the contract carefully before you sign it. A representative of the school may promise you things that aren't in the contract, such as help finding a job. If the representative makes you a promise, ask him or her to write the promise on the contract and sign and date it. A promise is usually not enforceable in court unless it's in writing.

Are scholarships taxable?

If you attend college on scholarships, you or your parents should double-check the tax status of any financial aid with a tax advisor before deciding whether to ignore the income or report any of it on the tax return. The basic requirement for a scholarship to be tax free, known as a “qualified” scholarship, is that the recipient be a candidate for a degree.



A qualified scholarship is any amount used for tuition and required fees, books, supplies, and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include expenses for room and board, travel, research, and clerical help.

For more information, call the Internal Revenue Service (IRS) at (800) 829-1040 or visit www.irs.gov/pub/irs-pdf/p520.pdf to download the free Publication 520 Scholarships and Fellowships. This and other free publications are also available from the IRS by calling (800) 829-3676 or by visiting www.irs.gov/formspubs/lists/0,,id=97819,00.html.

What about tax credits and deductions?

Listed are four ways you can save money on your taxes when it comes to paying for college. For all these credits and deductions, you or your parents should talk with your tax advisor.

If your parents paid qualified tuition and fees in 2003 for themselves or a dependent, they may be able to deduct up to \$3,000 on their 2003 federal income tax return. This deduction is taken as an adjustment to income, which means your parents can claim it even if they do not itemize deductions. For more information, see IRS Publication 553 (available by visiting <http://ftp.fedworld.gov/pub/irs-pdf/p553.pdf>).

The **Hope Tax Credit** can reduce the federal income tax you or your parents owe. It's available for (1) college students pursuing an undergraduate degree and financing their own education and (2) parents or other adults who are paying for children to go to college or a vocational school and claiming them as a dependent on their federal tax return. It can only be taken the first two years a student is in college.



The U.S. Department of Education operates a toll-free telephone service for students, parents, and educators who have questions about federal student assistance programs. Call (800) 433-3243 ([800] 4FED-AID). Individuals with a hearing disability who use a telecommunications device may call the Federal Information Relay Service at (800) 730-8913.



Taxpayers can deduct up to \$1,500 of qualified tuition and related expenses. Payments made during 2003 qualify for the 2003 tax year. There is no limit to the number of students in the family who can qualify. The credit is deducted from the amount of federal income tax you or your parents owe.

For Hope benefits, taxpayers must submit IRS Form 8863 with their federal tax returns. For more information, call the IRS Help Line at (800) 829-1040, read IRS Publication 970 (available by visiting <http://ftp.fedworld.gov/pub/irs-pdf/p970.pdf>).

Unlike the Hope Tax Credit, the **Lifetime Learning Credit** can be taken for any year in which you pay college tuition. If you qualify for both, you'll usually be better off taking the Hope credit. The Lifetime Learning Credit lets you or your parents deduct up to \$1,000 from the taxes you or your parents owe. You don't have to be working on a degree to claim a Lifetime Learning Credit. For more information, call the IRS Help Line at (800) 829-1040, read IRS Publication 970 (available by visiting <http://ftp.fedworld.gov/pub/irs-pdf/p970.pdf>).

If you or your parents made payments on any student loans this year, you may be able to claim up to \$2,500 in interest as a deduction to income. For more information, call the IRS Help Line at (800) 829-1040, read IRS Publication 970 (available by visiting <http://ftp.fedworld.gov/pub/irs-pdf/p970.pdf>).

Tips . . . Tips . . . and More Tips

Hopefully we've answered some of the questions you might have in the previous section. Let's look at some hints that can help you to increase your chances of getting the most financial aid you can.

Consult your guidance counselor.

This person is an excellent resource and can tell you about financial aid in general and where to look for help.

Read *Funding Your Education*, a U.S. Department of Education (USDE) handbook containing valuable information about student financial aid. Copies should be available at public libraries, counselor offices, and online at www.ed.gov/prog_info/SFA/FYE. Additional details may be obtained by calling the USDE's Federal Student Aid Information Center at (800) 4FED-AID ([800] 433-3243) or visiting www.ed.gov.

Consult *Affording Higher Education*, a KHEAA reference book containing thousands of sources of student financial aid for Alabama students. Copies of this and other student aid materials are available at public libraries, counselor offices, and www.alstudentaid.com, the Web site of the Alabama Student Loan Program—KHEAA.

Talk with the financial aid administrator at the school you're interested in attending.

He or she can inform you about aid programs that are available through the school. See Chapter 3 for names, addresses, and other information.

Check your high school or public library

for books about sources of student aid.

Search for free information

about scholarships and other student aid sources.



Learn about student loans. You should first try for aid you don't have to repay. However, most students will have to take out loans to pay for college. If you're going to need student loans, you need to make sure you get the least expensive ones you can. That means you need to learn some terms and then make comparisons. For the low-down on student loans, see pages 42–43.

Visit the National Association of Student Financial Aid Administrators' home page at www.nasfaa.org. This site includes the full text of the publications *You Can Do It!*, *You Can Afford It*, and *Cash for College*; has links to many related sites; and can lead you to information about scholarships, scams, and personal finances.

Make good grades in high school.

A simple, basic rule. The higher your grade point average, the greater your chances of qualifying for scholarships and grants for college. Advanced proficiency may also qualify you for college credit as explained on pages 7–8 under “*Is There Anything I Can Do Now for College Credit?*”



Watch

newspapers for scholarships offered through local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc., and contact them for more information.

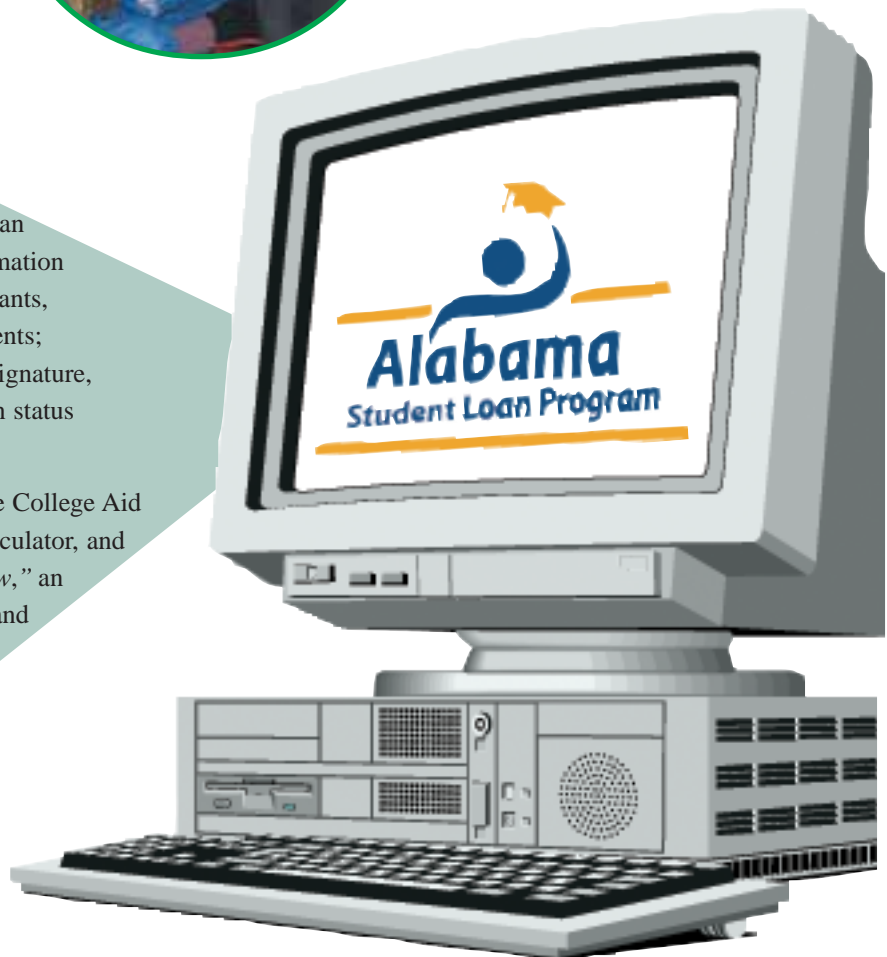
Write to organizations connected with your field of interest (such as the American Medical Association or the American Bar Association) which may have financial aid available. These organizations are listed in directories of associations available in public libraries.

Check with community organizations and civic groups such as the American Legion, YMCA, 4-H Club, Kiwanis, Jaycees, Chamber of Commerce, and Girl or Boy Scouts. Foundations, religious organizations, fraternities or sororities, and town or city clubs are some other possible sources of aid.



Visit www.alstudentaid.com, the Web site of the Alabama Student Loan Program—KHEAA, for up-to-date information about major financial aid programs (grants, scholarships, loans) for Alabama students; student loan application, electronic signature, and loan counseling; and application status and account history.

Other features include the interactive College Aid Calculator, the Loan Repayment Calculator, and “*How to Save \$ if You Have to Borrow*,” an online guide to choosing the loan and lender that are right for you.



Scams . . . Scams . . . Scams

No one likes to be victimized. But if you're not careful, you could easily be the victim of a scam.

You will probably need financial aid to help pay for college. The money is out there . . . but make sure your sources are reliable or you could find out the hard way that not everyone is honest!

You've always heard, "If it sounds too good to be true, it usually is." That's good advice when it comes to

searching for financial aid.

Be wary of any company that offers to do the work for you—at a price, of course. It sounds so easy . . . fill out a form and sit and wait for all these scholarships to fall in your lap. Scholarship search companies may charge hundreds of dollars to give

you a list of scholarships for which you can apply.

There are some easy steps you can take to get the same information for free.

STEP 1

Start in familiar territory . . . check with your guidance counselor. Your guidance counselor should be able to help you find many sources of student financial aid for which you may qualify.

STEP 2

Next step . . . contact someone in the financial aid office at each school you're considering. That person can tell you about the financial aid programs offered by the school.



STEP 3

You should also attend any free financial aid workshops sponsored by your high school and by local colleges and universities. Don't confuse these free events with events sponsored by companies that offer services for a fee.



STEP 4

Before paying a fee for financial aid information, contact the Better Business Bureau; the Alabama Attorney General's Office, Consumer Protection Division, 11 South Union Street, Montgomery, AL 36130-0152, (800) 392-5658, (334) 242-7334, www.ago.state.al.us/; or the Attorney General in the state in which the company is located.

STEP 5

Check out the Internet. It can help you find scholarship sources. You can do that yourself by accessing any of several **free** scholarship search sites available on the Web. You can link to some from www.alstudentaid.com, the home page of the Alabama Student Loan Program—KHEAA.

If you're going to use the Web, remember that Web sites are not regulated by any agency. It doesn't take much to start a fantastic-looking Web site, so you can't judge the site simply by the way it looks. A scam artist can set up a Web site, take people's money for a few weeks, shut down the site, and disappear.



The Federal Trade Commission (FTC) cautions students to be especially skeptical about scholarship search companies and sites that make any of these claims:

“You’ve been selected by a national foundation to receive a scholarship.” (Check with your guidance counselor or access the Web site of The Foundation Center, www.fdncenter.org, to find out if the foundation is legitimate. Check with your guidance counselor if you are notified that you’re a finalist in a scholarship contest you never entered.)

“This scholarship will cost some money.” (Some legitimate scholarships do have up-front fees, but they should not be more than \$5 to \$10.)

“The scholarship is guaranteed or your money back.” (Read the fine print. To get a refund, you may have to receive a letter of rejection from **every** source on your list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even cite sources that don’t exist. The fine print may state that **all** types of student financial aid are included, so if you get a loan and no scholarships, you still can’t get your money back.)

“We’ll do all the work.” (The company may send you a long list, but you’ll have to fill out all the applications.)

“I just need your credit card or bank account number to hold this scholarship.” (**NEVER** give these numbers to a person or company you’re not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals—without your knowledge.)

“You can’t get this information anywhere else.” (Nearly all the information can be found by working with your guidance counselor and college financial aid officer, visiting your high school or public library, or doing your own free online scholarship search.)

For more information about scholarship frauds, check out these Web sites:

Federal Trade Commission, www.ftc.gov

You can also file a complaint with the FTC by calling toll free (877) 382-4357 or submitting an online complaint form available on the FTC Web site.

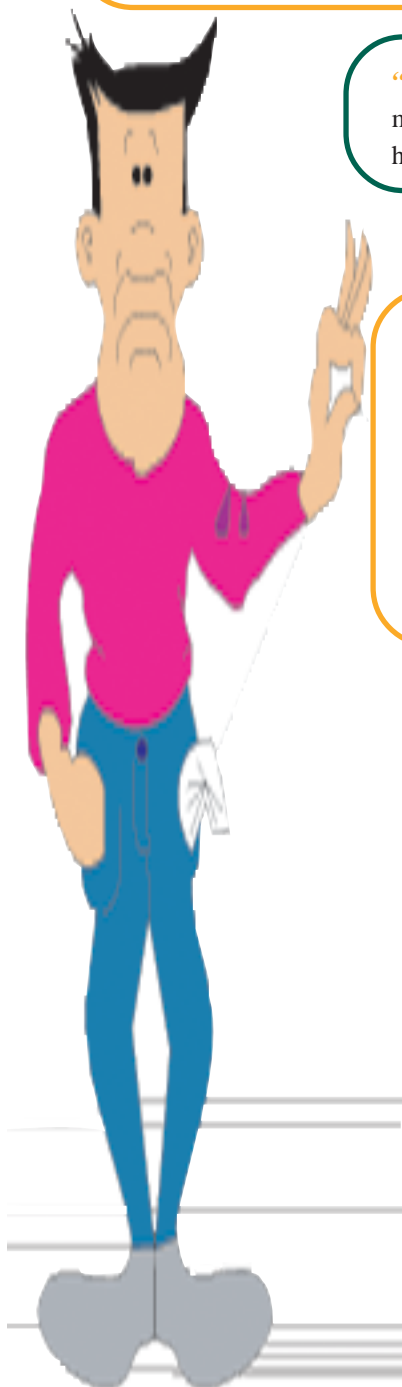
National Fraud Information Center, www.fraud.org

This site provides information on how to spot, stop, and report a scam. You can report one online or call the center toll free at (800) 876-7060.

FinAid, www.finaid.org/scholarships/scams.phtml

This is another site that provides information on how to identify and report scams.

Remember, however, that the absence of complaints may not mean the company or foundation is legitimate—it may just be so new that no one has filed a complaint yet.



Web Sites . . . Web Sites . . . Web Sites

Check out these Web sites that offer free information about higher education, financial aid, and career planning.

✓ Alabama College System / Alabama Department of Postsecondary Education
www.acs.cc.al.us

✓ Alabama Commission on Higher Education
www.ache.state.al.us

✓ U.S. Department of Education
www.ed.gov

✓ The College Board
www.collegeboard.com

✓ ACT
www.act.org

✓ College View
www.collegeview.com

✓ CollegeNET
www.collegenet.com

✓ KHEAA
www.kheaa.com

✓ FAFSA on the Web
www.fafsa.ed.gov



www.alstudentaid.com

Your state student aid headquarters!

At www.alstudentaid.com, you'll find:

- Up-to-date information on major financial aid programs (grants, scholarships, loans) for Alabama students.
- Student loan applications, electronic signature, and loan counseling.
- Your application status and account history for your KHEAA loans.

- Links to other higher education and financial aid sites.

- KHEAA's publication *Affording Higher Education*, which lists thousands of student financial aid programs for Alabama students.



✓ Southern Regional Electronic Campus
www.electroniccampus.org

✓ FinAid! The SmartStudent™ Guide to Financial Aid
www.finaid.org

✓ STARS Computer Advising System
<http://stars.troyst.edu>

✓ National Association of Student Financial Aid Administrators
www.nasfaa.org

✓ Minority Information Service
<http://content.sciencewire.com/molis>

If you want help from financial aid experts, check out this site. It offers online chats about financial aid several times a year:

✓ Mapping your Future
www.mapping-your-future.org

Remember what you learned on the two previous pages . . . investigate any company that offers to search for financial aid for you. If there's a cost for this service, do it yourself . . . you'll get the same information at no charge.

Credit . . . Credit . . . Credit



You've made a wise decision . . . you've decided to get a higher education. You've taken the time to research what school you want to attend, what subjects you want to take, what career you want to pursue, and what all this is going to cost you. If you're really wise, you'll come up with a plan as to how you're going to pay for all of this. There are many avenues to pursue. Grants, student loans, scholarships, jobs, and parents are all possibilities. One door that will open up to you, almost as soon as you arrive on campus, is getting a credit card. Let's look at how this can impact not only your college life but your future.



How can you avoid getting yourself into trouble with this “convenient” money. One thing to remember is that a credit card is not free money . . . it all has to be paid back . . . with interest.

What are some of the advantages of a credit card? The number one advantage is convenience. If you have an emergency, need to purchase something online or by telephone, or need the safety of not carrying cash, credit cards fit the bill. Credit cards can also help you establish a credit history. This can be either good or bad, depending on how the card is used and how it's paid. Your credit history will follow you all of your life.

OK, we've looked at the advantages. What are the disadvantages? The number one, two, and three disadvantages are . . . debt . . . debt . . . and more debt! There are other disadvantages as well. With credit cards comes the temptation of

One avenue to explore is the use of a debit card, which is issued by most banks. Any time you use it, the amount will automatically be deducted from your checking account.

Another option offered by some banks is a credit card that's been prepaid by your parents. They're notified every time you make a transaction, and you can only use the amount of money that's “loaded” into the card.

Did you know that if you are 18 years old, charge \$3,500 at 18 percent interest, and only make the minimum payment, you will be 45 years old by the time you pay this off? Not only that, but you will have paid almost \$8,000 in interest on top of the original \$3,500. If you charge even more than that, it multiplies dramatically.



spending more money than you have. Although \$3,500 may seem like a lot, you can reach it easily when you start treating your friends to pizza, buying clothes, buying CDs, and decorating your room. In fact, \$3,500 is probably a pretty conservative number.

If you accumulate large amounts of credit card debt and are unable to pay it off, it can affect your credit rating for many years. A poor credit rating can affect many areas of your life, including getting a job, buying a house, or even finishing school. Before you ever obtain a card, decide what you're going to use it for and how you're going to pay for it.

If, after weighing all the pros and cons, you decide you still want to have a credit card, use it wisely. Be sure you review the bill once it comes in and pay it before the deadline. Only charge as much as you can pay off when the bill comes. If circumstances arise that you do have to charge more, pay more than the minimum charge in order to avoid accumulation of interest.

Don't let credit card debt and a poor credit rating **haunt** your future. Use good judgment . . . either decide not to use a credit card or to use it sparingly. It's your future that's at stake . . . **make it a good one.**



FAFSA . . . FAFSA . . . FAFSA

FAFSA . . . what exactly is it and why do you need it? The FAFSA is the Free Application for Federal Student Aid, and it's a very important part of your preparation for college.



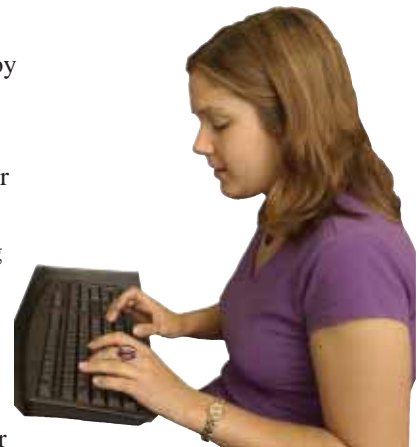
How, you ask? This is the form you need to fill out before you can qualify for any federal or state student aid. Not only does it need to be filled out, it needs to be filled out correctly. The financial aid information provided on the form will automatically be sent to the school(s) listed on the FAFSA and to the Alabama Student Loan Program—KHEAA.



So, where do you get this important form?

The best way to obtain and file the FAFSA is online. You can use your library, high school, or home computer to apply for federal student aid via **FAFSA on the Web** (an interactive Web page). You can complete a FAFSA online and send your data over the Internet at www.fafsa.ed.gov. A brochure titled *FAFSA on the Web* is available from the

U.S. Department of Education (USDE) by calling (800) 4FED-AID ([800] 433-3243). The computer you use must have one of the following browsers: Netscape Navigator 4.76 or higher, MS Internet Explorer 4.0 or higher, or AOL 5.0 or higher. If you have any questions about *FAFSA on the Web*, call (800) 4FED-AID.



Something to keep in mind . . . you are less likely to make errors filing electronically because your answers are edited automatically. Also, you will receive your report 7 to 14 days faster than you will with a paper FAFSA. If you don't have a computer or access to one, check to see if the school you plan to attend has electronic FAFSA capability. If so, you should be able to apply through the financial aid office by filling out the FAFSA and bringing it to the school. The school can then enter your information and transmit it to the USDE Central Processing System.

The paper FAFSA is available from high school counselors, college financial aid offices, or by calling the USDE toll free at (800) 4FED-AID ([800] 433-3243). If you want to be notified when your application is received, fill out the postcard contained in the FAFSA packet and enclose in the return envelope with your application. When the application is received, the FAFSA processor will stamp the card with the receipt date and location and mail it back to you.

The school's financial aid office will use this information to determine whether you're eligible for need-based financial aid and, if so, for how much and what type. From this information, the school will create a financial aid package for you. Each college you list on the FAFSA will consider you for financial aid and will notify you of its decision in late spring or early summer.

Use the following steps to complete the FAFSA.

First: Decide if you will complete the FAFSA electronically or on paper.

Second: Gather documents you will need to refer to in completing the FAFSA. These include the following:

- Your Social Security card and driver's license.
- Your W-2 forms and federal income tax return.
- Your parents' W-2 forms and federal income tax return if you are dependent.
- Records of other untaxed income received such as Social Security benefits, Temporary Assistance for Needy Families (TANF), or veteran's benefits.
- Current bank statements and records of stocks, bonds, or other investments.
- Business or farm records if applicable.
- Your alien registration card if you are not a U.S. citizen.
- A blank diskette if you are applying via *FAFSA on the Web*. You will need it to save your data.

Don't forget to:


- Read and follow the FAFSA instructions very carefully.
- Submit the FAFSA **as soon as possible after January 1 of your senior year** (when the family has its federal income tax preparation data) to make sure you have the best chance of receiving aid for which you're eligible.
- Keep copies of your FAFSA and a record of the date you submitted or mailed it.
- If you need to make corrections on your FAFSA, follow the instructions on the Student Aid Report (SAR) you receive in the mail and return it immediately for reprocessing.
- Read financial aid award letters carefully and comply with requests from schools for clarification or additional information as soon as possible. Any corrections or additional information should be submitted to the USDE Central Processor of the FAFSA forms, so KHEAA and the administrators of other federal and institutional programs will have the information too.

Other Financial Aid Applications

- ☐ Check with the financial aid office of the school you plan to attend to find out if you should file any other applications.
- ☐ Read and follow directions. Filling out an application properly and neatly is important. You may be disqualified for failing to complete all questions, answering them incorrectly, or missing the deadlines.
- ☐ Pay close attention to mailing addresses and filing deadlines.
- Like the FAFSA, other application forms should be filed as early as possible.
- ☐ Keep copies of everything you mail and a record of the dates you mail the materials. You might want to send your materials by registered mail, return receipt requested.
- ☐ Talk with your counselor about scholarships available in your community. If you think you may be eligible, obtain and complete the appropriate application.
- ☐ Check the school's catalog or Web site for descriptions of any additional scholarships or financial aid for which you may be eligible to apply. Web site addresses can be found in Chapter 3.
- ☐ Apply, apply, apply. By applying for several types of aid, you increase your chances of receiving enough to pay your school costs.

Major Financial Aid Programs

Listed on the following pages are many of the major student financial aid programs available to Alabama students. They're divided into categories based on the type of aid: grants, scholarships, loans, work-study, conversion scholarships/loans, waivers, military benefits, national service, and savings programs. The required application for many of these programs is the FAFSA. This form is available online from *FAFSA on the Web* at www.fafsa.ed.gov or from financial aid offices at participating schools and high school counselor offices. Online help in completing the FAFSA is available at www.studentaid.ed.gov/students/publications/completing_fafsa/index.html.

Due to the ever-changing climate of student financial aid, programs may be discontinued or their eligibility or awards changed. For the most up-to-date information, check with your high school counselor or a financial aid officer at the school you plan to attend. Financial aid programs with the  symbol are administered by the Alabama Student Loan Program-KHEAA. For more information about these programs, call (800) 721-9720 or visit www.alstudentaid, the Web site of the Alabama Student Loan Program-KHEAA.

Grants

Alabama Student Assistance Program Grant

Eligibility: Financially needy Alabama undergraduate resident attending an eligible school at least half-time.

Awards: \$300–\$2,500 each academic year.

Application: FAFSA.



Alabama Student Grant

Eligibility: Alabama undergraduate resident enrolled at least half-time and attending an eligible independent Alabama college or university, which includes Birmingham-Southern College, Concordia College, Faulkner University, Huntingdon College, Judson College, Miles College, Oakwood College, Samford University, Southeastern Bible College, Spring Hill College, Stillman College, and the University of Mobile. Eligibility is not based on financial need.

Awards: Up to \$1,200 each academic year depending on program funding.

Application: Contact the financial aid office of the school you plan to attend.

Federal Pell Grant

Eligibility: Undergraduate student who holds no bachelor's or higher degree, has financial need, and is a U.S. citizen or eligible noncitizen enrolled in an eligible school. Students enrolled in a postbaccalaureate teacher certificate or licensing program may also be eligible.

Awards: Amount set by the federal government each year depending on program funding and financial need. For the 2003–2004 academic year, the award maximum is \$4,050.

Application: FAFSA.

Federal Supplemental Educational Opportunity Grant

Eligibility: Undergraduate student who holds no bachelor's or higher degree, has exceptional financial need, and is a U.S. citizen or eligible noncitizen enrolled in an eligible school.

Awards: Up to \$4,000 each academic year depending on program funding and financial need.

Application: FAFSA. Deadline set by the institution.

Scholarships

Robert C. Byrd Honors Scholarship

- Eligibility:** Current Alabama high school senior whose name is submitted for consideration by the school guidance counselor. Recipients are judged solely on ACT or SAT scores and grade point average.
- Awards:** \$1,500 each year for up to four years of undergraduate work.
- Application:** None

American Legion Auxiliary Scholarship

- Eligibility:** Alabama resident who is the son, daughter, grandson, or granddaughter of a veteran of World War I, World War II, Korea, Vietnam, Beirut, Grenada, Panama, or Desert Storm.
- Awards:** Tuition, fees, and room and board at a public four-year, state-supported college in Alabama. Awards are restricted to students who attend schools having on-campus housing.
- Application:** Write to the American Legion Auxiliary, 120 North Jackson Street, Montgomery, AL 36104 or call (334) 262-1176. Please send a self-addressed, stamped envelope. Application deadline is April 1.



American Legion Scholarship

- Eligibility:** Alabama resident who is the son, daughter, grandson, or granddaughter of a war veteran.
- Awards:** \$850, renewable yearly. Awards are restricted to students who attend participating schools.
- Application:** Send a self-addressed, stamped envelope to the Department Adjutant, The American

Legion, P.O. Box 1069, Montgomery, AL 36102 or go to www.alabamalegion.org. Application deadline is May 1.

Junior and Community College Performing Arts Scholarship

- Eligibility:** Full-time student attending an Alabama public junior or community college. Awards are based on demonstrated talent determined through competitive auditions. Awards are not based on financial need.
- Awards:** In-state tuition.
- Application:** Contact the financial aid office of the school you plan to attend. Competitive auditions will be scheduled as part of the application process.



Junior and Community College Athletic Scholarship

- Eligibility:** Full-time student enrolled in an Alabama public junior or community college. Awards may be renewed on the basis of continued participation. Renewable awards are based on demonstrated athletic ability determined through tryouts. Limits on various sports apply. Awards are not based on financial need.
- Awards:** Tuition and books.
- Application:** Contact the coach, athletic director, or financial aid officer at the school you plan to attend.

Two-Year College Academic Scholarship

- Eligibility:** Student accepted for enrollment at an Alabama public two-year college. Renewable awards are based on demonstrated academic merit as determined by the school's scholarship committee. Awards are not based on financial need, and priority is given to in-state residents.
- Awards:** In-state tuition and books.
- Application:** Contact the financial aid office of the school you plan to attend.

Alabama Works Technical Scholarship

- Eligibility:** Alabama resident who is planning to enroll in a Workforce Investment Act-approved Alabama institution; holds a high school diploma or GED; enrolls in one of the technology target areas in which Alabama needs skilled workers, including information technology, manufacturing technology, automotive manufacturing technology, and aerospace/aviation technology; develops a two-year training plan with employment goal; and is continuously enrolled until program completion.
- Awards:** Maximum of \$1,500 per semester or similar training period for documented costs of tuition, fees (except late fees), books, and tools required for the training program.
- Application:** Contact the financial aid office where you plan to attend; write to Alabama Works Technical Scholarship Program, 15 Technology Court, Montgomery, AL 36116-3200; call (866) 855-1916 or (334) 280-4449; e-mail scholarship@alabamaworks.org; or visit www.alabamaworks.org/scholarship.html.



undergraduate work). The interest rate is 5 percent.

Application: Students must submit a FAFSA. Application deadline is set by the institution.



Federal Subsidized and Unsubsidized Stafford Loans (FFELP)

- Eligibility:** A U.S. citizen or eligible noncitizen enrolled or accepted for enrollment at least half-time in an eligible certificate or degree program at an eligible school. Student must show financial need to qualify for the subsidized loan but is not required to show financial need for the unsubsidized loan.
- Awards:** The Federal Stafford Loan amount for an academic period cannot exceed the student's cost of attendance (as determined by the school) less the student's estimated financial assistance and, if the loan is a subsidized Stafford Loan, expected family contribution. The amount of one loan or a combination of both loans may not exceed the loan limits for an academic year based on the student's dependency status and grade level and the length of the program of study in which the student is enrolled. The interest rate changes each year but cannot be higher than 8.25 percent. The rate is recalculated each year and is in effect for the next July 1 through June 30. The federal government pays the interest on a subsidized loan until you begin repayment. You can pay the interest on an unsubsidized loan while you are in school or have the interest added to the principal.



Loans

Federal Perkins Loan

- Eligibility:** Student who has exceptional financial need and is a U.S. citizen or eligible noncitizen enrolled at an eligible school pursuing a degree or certificate.
- Awards:** \$4,000 annual maximum for undergraduate students and \$6,000 for graduate students. The maximum cumulative undergraduate amount is \$20,000; the maximum cumulative graduate and undergraduate limit is \$40,000 (\$8,000 for any student who has not yet completed two academic years of

The current loan limits are:

Grade Level	Dependent Status	Independent Status
First Year	\$2,625	\$ 6,625
Second Year	\$3,500	\$ 7,500
Each Remaining Year of Undergraduate Study	\$5,500	\$10,500
Each Year of Graduate/ Professional Study	\$8,500	\$18,500

Application: FAFSA and the Federal Stafford Loan Master Promissory Note (MPN). The MPN may be submitted online and signed electronically through the eSign process at www.alstudentaid.com. A paper MPN can be obtained from a participating lender or a financial aid office. Contact the schools to which you are applying to see if they prefer an electronic or paper MPN. (Depending on the school you choose, Federal Direct Stafford Loans with the same eligibility and award criteria as FFELP may be available. Contact the financial aid office at the school you plan to attend for information about that school's application process.)



Federal PLUS Loan (FFELP)

Eligibility: Any parent or stepparent of a dependent student enrolled or accepted for enrollment at least half-time in an eligible program at an eligible school.

Awards: The maximum loan amount equals the cost of education minus other financial aid received. Federal PLUS Loans have a variable interest rate, which is capped at 9 percent. A borrower may have separate loans at different rates. The variable rate is recalculated each year and is in effect for the next July 1 through June 30.

Application: FAFSA and PLUS Loan application. For a PLUS Loan application, contact a participating lender or the financial aid office at the school you plan to attend; write to the Alabama Student Loan Program–KHEAA, 100 North Union Street, Suite 308, Montgomery, AL 36104; or call toll free (800) 721-9720. (Depending on the school you choose, Federal Direct PLUS Loans with the

same eligibility and award criteria as FFELP may be available. Direct PLUS requires the FAFSA and Direct PLUS Loan Application and Promissory Note, which is available at the school.)

Nursing Student Loan

Eligibility: U.S. citizen, national, or lawful permanent resident who is enrolled at least half-time in a nursing program and demonstrates financial need.

Awards: Varies. Participating schools are responsible for determining the amount of aid a student requires. The interest rate is 5 percent.

Application: Contact the financial aid office of the school you plan to attend. Application deadline is set by the school.



Primary Care Loan

Eligibility: U.S. citizen, national, or lawful permanent resident who is enrolled full-time in a college of allopathic or osteopathic medicine, demonstrates financial need, and agrees to enter and complete residency training in primary care within four years after graduation and practice in primary care for the life of the loan.

Awards: The maximum award for first- and second-year students is cost of attendance (including tuition, educational expenses, and reasonable living expenses). Greater amounts may be awarded to third- and fourth-year students. The interest rate is 5 percent during repayment unless the student fails to enter and complete a residency in primary health care (the interest rate is 18 percent and is charged from the date of noncompliance).

Application: Contact the financial aid office of the school you plan to attend. Application deadline is set by the school.

Work-Study

Federal Work-Study

- Eligibility:** Student who has financial need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school pursuing a degree or certificate.
- Awards:** Student must be paid at least the current federal minimum wage. Maximum earnings cannot exceed total cost of education less other financial aid received.
- Application:** Student must submit a FAFSA. Application deadline is set by the institution.

Conversion Scholarships/Loans

Alabama Nursing Scholarship

- Eligibility:** Alabama resident admitted to a nursing program at a participating school. Student must agree to practice nursing for at least one year in Alabama following completion of the program or repay the scholarship with interest. The interest rate is determined by the school.
- Awards:** Varies
- Application:** Contact the financial aid office at the school you plan to attend. Application deadline is set by the institution.



Application: Write to the Alabama State Department of Rehabilitation Services, Blind and Deaf Services, 2129 East South Boulevard, Montgomery, AL 36116 or call (334) 281-8780.

Police Officer's and Firefighter's Survivor's Educational Assistance Program

- Eligibility:** Dependent or spouse of a police officer or firefighter killed or permanently and totally disabled in the line of duty in Alabama. Must be enrolled in an undergraduate program at an Alabama public college. Other special eligibility criteria may apply.



- Awards:** Tuition, fees, books, and supplies.
- Application:** Write to the Alabama Commission on Higher Education, P.O. Box 302000, Montgomery, AL 36130-2000 or call (334) 242-2273.

Military Benefits

Most branches of the military offer some type of tuition assistance program that enables active duty members to take courses at civilian colleges during their off-duty hours. In addition, military training while on active duty can sometimes count toward college credit. After active duty has been completed, veterans can take advantage of the Montgomery GI Bill to attend college. Local Armed Forces recruiting offices can provide detailed information about educational opportunities through the military.

Alabama GI Dependent's Educational Benefit Program

Alabama Scholarship for Dependents of Blind Parents

- Eligibility:** Alabama resident from a family in which the head of the family is blind and whose family income is at or below 1.3 times the federal poverty guideline. Student must apply within two years of high school graduation.
- Awards:** Instructional fees and tuition.

- Eligibility:** Undergraduate or graduate student who is the child or spouse of an eligible Alabama veteran and who attends a public college in Alabama. Student must begin college before his or her 26th birthday.
- Awards:** Tuition, instructional fees, and book assistance.

Application: Write to the Alabama State Department of Veterans Affairs, P.O. Box 1509, Montgomery, AL 36102-1509; call (334) 242-5077; or contact any county veterans service officer.



Alabama National Guard Educational Assistance Program

Eligibility: Active member in good standing with a federally recognized unit of the Alabama National Guard who is not receiving 100 percent of covered expenses from federal veterans' educational benefits available to members of the National Guard during the term payments are received. Eligibility is not based on need.

Awards: Tuition, educational fees, books, and supplies to attend an Alabama public college. Awards are limited to \$500 each term and no more than \$1,000 each year.

Application: Contact any unit of the Alabama National Guard. Forms must be signed by a representative of the Alabama Military Department and the financial aid officer at the school the student plans to attend.

Reserve Officers Training Corps (ROTC) Scholarships

Air Force ROTC

Eligibility: High school senior or graduate. Students pursuing technical degrees are targeted. Based on individual merit, not financial need. Four-year scholarships may be lengthened to five years in certain academic majors and programs. The Air Force also offers scholarships to people who are already in college. These scholarships cover one to three years of a bachelor's degree program in certain



engineering and science majors as well as in other categories such as premedicine.

Awards: Varies

Application: Contact the Department of Aerospace Studies at the school you plan to attend. For further information, call (800) 522-0033, extension 2091; write to HQ AFROTC/DOR, 551 East Maxwell Boulevard, Maxwell AFB, AL 36112-6106; or visit www.afrotc.com.

Army ROTC

Eligibility: Entering freshman who has a minimum 970 SAT or 19 ACT composite score; has good high school grades; participates in leadership, extracurricular, and athletic activities; and pursues an approved academic major.

Awards: May be worth up to \$80,000, paying for most college tuition and on-campus education fees and providing an additional allowance for textbooks, supplies, equipment, and personal expenses. Receive up to \$4,000 per year in spending money.



Application: Contact the Military Science Department of the school you plan to attend; write to Army ROTC, P.O. Box 3279, Warminster, PA 18974-9872; call toll free (800) USA-ROTC; or visit armyrotc.com.

Naval ROTC

Four-Year Scholarship

Eligibility: Must be U.S. citizen at least 17 years old by September 1 of the year starting college and less than 23 on June 30 of that year. Applicants with previous active duty service may be eligible for age waivers. The minimum SAT scores for the Navy option are 520 math and 530 verbal. The minimum ACT scores are 22 math and 22 English. The minimum SAT scores for Marine option is a composite score of 1000. The minimum ACT scores for Marine option are a composite score of 45 for English and math. Must meet physical requirements for the NROTC Program (physical required).

Awards: Tuition, fees, book allowance, uniforms and a \$250 monthly allowance with increasing amounts yearly.

Application: Contact your local Navy Recruiter; call 1-800-USA-NAVY or 1-800-NAV-ROTC; e-mail nrotcscholarship@cnet.navy.mil; or visit <https://www.nrotc.navy.mil>. Application booklet or electronic application must be submitted by January 9, and the local recruiter must receive all other required paperwork by January 20.



Two-Year Scholarship

Eligibility: Must be a U.S. citizen at least 17 years old and under 27 on June 30 of the year an applicant expects to graduate and complete NROTC training requirements. Applicants with prior active duty service may be eligible for a waiver. Must be a college sophomore with a minimum GPA of 2.5. One year (two semesters or three quarters) of “differential and integral calculus of one real variable” with grades of C or better is required (pre-calculus does not meet this requirement). Must meet physical requirements for the NROTC Program (physical required).

Awards: Tuition, fees, book allowance, uniforms, and a \$250 monthly allowance with increasing amounts yearly.

Application: Contact nearest NROTC unit or call 1-800-NAV-ROTC, ext. 2-9380 or 2-9387. Application deadline is March 15.

National Service

AmeriCorps

Eligibility: U.S. citizen 17 or older who performs national community service before, during, or after receiving a college education.

Awards: Up to \$4,725 for each year of service to pay current or future education expenses or repay federal student loans.

Application: Contact the Corporation for National and Community Service, 1201 New York Avenue, NW, Washington, DC 20525; call toll free (800) 942-2677; or visit www.americorps.org.

Qualified State Tuition Programs

Alabama Higher Education 529 Fund

Description: The Alabama Higher Education 529 Fund helps families save, in a planned way, for their children’s college education. Four investment options are offered with a minimum investment of \$250 and \$25 increments thereafter. Account earnings are exempt from federal taxes. Account savings can be used at any qualified college in the nation to pay for tuition, fees, books, supplies, and certain room and board costs.

Information: To request more information, write to the State Treasurer’s Office, Alabama College Savings Program, 600 Dexter Avenue, Suite S-106, Montgomery, AL 36104, or call (334) 242-7500.



Alabama Prepaid Affordable College Tuition (PACT) Program

Description: The Alabama PACT Program is a state-sponsored program that offers for sale a contract to prepay four years of future college tuition. At the time of purchase, the child must be in the ninth grade or younger. The cost of the contract is based on the age or grade level of the child. Lump sum or monthly payment plans may be selected. PACT does not have a scholarship program.

Information: To request more information, write to the State Treasurer’s Office, PACT Program, 100 North Union Street, Suite 660, Montgomery, AL 36130-2530; call (334) 242-7514 or toll free (800) 252-7228; or visit www.treasury.state.al.us.

Student Loans . . . Questions . . . Answers



OK, it looks like I'll need a student loan. Can you help me understand what all these technical words mean and how they apply to me? How will I know which student loan is the best?

These might be some of the questions you have as you start researching financial aid for college. Most students will need a student loan, so it's wise to know what all the terms mean and how they apply to you. Terms that are used in a definition but are defined in this section are indicated in **yellow**.

- ❑ **Borrower benefits**—Think of these in terms of a price break you get when you buy something and a rebate you get after you buy it. A **lender** can charge an **origination fee**, while a **guarantor** can charge an **insurance fee**. Not all lenders and guarantors charge the same fees, and some, like the Alabama Student Loan Program–KHEAA, don't charge a fee at all. These fees are deducted before you see the money, so the lower the fees, the more money you receive to pay for your education.

Lenders may also give you breaks while you're in school. For example, your lender may deduct a certain percentage of the **principal** amount if you finish the semester or quarter for which you borrowed the funds.

You can also get breaks when you start repaying your loan. Many lenders will charge you a lower **interest** rate if you follow certain criteria—like making a certain number of on-time payments or allowing your payments to be automatically deducted from your bank account.

- ❑ **Guarantor**—This is like an insurance company. The guarantor, such as the Alabama Student Loan Program–KHEAA, has a contract with the **lender** to pay off a student loan under special circumstances.
- ❑ **Insurance fee**—It's just like car insurance, only it's not as expensive. The **guarantor** can charge you up to 1 percent of your loan as an insurance fee. The Alabama Student Loan Program–KHEAA is a guarantor, and to help you with your educational costs, does not charge an insurance fee.

- ❑ **Interest**—This is the money you pay the **lender** for letting you use its money to pay your school costs. It's just like the interest you pay on your car loan, only it's generally lower.

- ❑ **Lender**—The lender is whoever loans you the money. It can be a bank, a nonprofit state corporation, a credit union, or some other financial institution.

- ❑ **Origination fee**—This helps cover the costs the **lender** has to pay for doing business with you. Lenders can charge up to a 3 percent **origination fee**. The Alabama Student Loan Program–KHEAA does not charge an origination fee.

- ❑ **Principal**—This is the actual amount you borrow *before* the **origination fee** and **insurance fee** are deducted. The interest you are charged will be based on the principal.

Lenders . . . Banks . . . Creditors

There are three types of Federal Family Education Loans to help students with their higher education expenses—the Federal Stafford Loan (subsidized and unsubsidized), Federal PLUS Loan (for parents), and Federal Consolidation Loan. This section can help you select a lender. Listed alphabetically below are Alabama lenders. Page 42 lists other participating lenders that accept and process student loan applications and have them guaranteed by KHEAA.



“\$how me the money!”

- * All lists are subject to change.
- * Lenders that use KHEAA's origination service are indicated by an asterisk (*).
- * Check with your financial aid office for a list of the school's preferred lenders, proper lender identifiers (Federal Lender ID number), and addresses used for processing.
- * Contact the lender to determine which types of loans it makes and the address to which applications should be mailed.

Alabama Lenders

AmSouth Bank

Lender #800305
P.O. Box 59012
Panama City, FL 32412-9012
(888) 272-5543
www.amsouth.com

AmSouth Bank*

Lender #810612
c/o KHEAA
P.O. Box 4225
Frankfort, KY 40604-4225
(800) 564-6068
www.amsouth.com

BancorpSouth

Lender #806627
P.O. Box 1850
Auburn, AL 36831-1850
(866) 819-4225
www.bancorpsouthonline.com

Regions Bank

Lender #800097
P.O. Box 2528
Mobile, AL 36652
(800) 422-7404
www.regions.com

Royal Federal Credit Union*

Lender #832330
c/o KHEAA
P.O. Box 4848
Frankfort, KY 40604-4848
(800) 564-6068
www.royalfederal.com

SouthTrust Bank, NA

Lender #800023
P.O. Box 32588
Knoxville, TN 37930
(877) 294-9244
www.southtrust.com

SouthTrust Bank, NA Lender of Last Resort

Lender #800029
P.O. Box 32588
Knoxville, TN 37930
(877) 294-9244
www.southtrust.com

SunTrust Bank, Alabama, NA*

Lender #800061
c/o KHEAA
P.O. Box 4818
Frankfort, KY 40604-4818
(800) 564-6068
www.suntrustededucation.com

TVA Federal Credit Union

Lender #832019
TVA Reservation
Muscle Shoals, AL 35661
(256) 386-3000
www.tvfcu.com

Union Planters National Bank*

Lender #810698
c/o KHEAA
P.O. Box 4125
Frankfort, KY 40604-4125
(800) 564-6068
www.unionplanters.com

Whitney National Bank

(Served by Student Loan Servicing
Center/SLMA)
Lender #805148
P.O. Box 59012
Panama City, FL 32412-9012
(888) 272-5543
www.whitneybank.com

Other Participating Lenders

Bank of America, NA

(Served by NELnet)

Lender #831846

P.O. Box 53377

Jacksonville, FL 32201

(800) 633-7192

www.bankofamerica.com

Bank of America/MOHELA

(Served by MOHELA)

Lender #818334

633 Spirit Drive

Chesterfield, MO 63005

(800) 666-4352

www.bankofamerica.com

Bank One Education Finance Group*

Lender #821087

c/o KHEAA

P.O. Box 4230

Frankfort, KY 40604-4230

(800) 564-6068

www.studentloanet.com

Bank One/SLMA/FL

Lender #805156

P.O. Box 59012

Panama City, FL 32412-9012

(888) 272-5543

www.studentloanet.com

Chase*

Lender #807807

c/o KHEAA

P.O. Box 4267

Frankfort, KY 40604-4267

(800) 564-6068

www.chase.com/educationfirst

Chase/Sallie Mae

Lender #831269

P.O. Box 59012

Panama City, FL 32412-9012

(888) 272-5543

www.chase.com/educationfirst

Citibank (New York State)

Lender #807743

P.O. Box 53377

Jacksonville, FL 32201

(800) 228-5931

www.studentloan.com

College Board/

College Credit-TIAA

Lender #830310

P.O. Box 59012

Panama City, FL 32412-9012

(888) 272-5543

www.collegeboard.com

Compass Bank

Lender #828078

P.O. Box 4940

Bryan, TX 77805

(800) 347-3475

www.compassweb.com

edsouth*

Lender #831453

c/o KHEAA

P.O. Box 4270

Frankfort, KY 40604-4270

(800) 564-6068

www.edsouth.com

Educaid, A First Union Company

(Served by Sallie Mae/TX)

Lender #802445

P.O. Box 12229

Killeen, TX 76547

(888) 272-5543

www.educaid.com

Educaid, A First Union Company

(Served by Educaid)

Lender #830005

3301 C Street, 100A

P.O. Box 13667

Sacramento, CA 95816

(800) 338-2243

www.educaid.com

Education Services Foundation

Lender #833575

P.O. Drawer 55909

Jackson, MS 39296-5509

(877) 349-4347

www.esfweb.com

FELMAC¹*

Lender #831245

c/o KHEAA

P.O. Box 4867

Frankfort, KY 40604-4687

(800) 564-6068

www.sssc.com/felmac/felmac.html

Fifth Third Bank

as Eligible Lender Trustee for Student Loan Xpress, Inc.

(Served by MOHELA)

Lender #833890

633 Spirit Drive

Chesterfield, MO 63005

(800) 666-4352

www.slxpress.com

Fifth Third Bank

as Eligible Lender Trustee for Student Loan Xpress, Inc.

(Served by Sallie Mae)

Lender #833908

P.O. Box 59012

Panama City, FL 32412-9012

(888) 272-5543

www.slxpress.com

Keesler Federal Credit Union

Lender #806695

2602 Pass Road

Biloxi, MS 39531

(800) 648-1235

www.kfcu.org

National Education/IDAPP*

Lender #830628

c/o KHEAA

P.O. Box 4858

Frankfort, KY 40604-4858

(800) 564-6068

www.nationaleducation.com

Nellie Mae

(Served by Sallie Mae)

Lender #829076

P.O. Box 59012

Panama City, FL 32412-9012

(888) 272-5543

www.nelliemae.com

The Peoples Bank & Trust Company

Lender #806723

P.O. Drawer 55909

Jackson, MS 39296-5509

(877) 349-4347

www.thepeopleplace.com

PNC Bank*

Lender #809921

c/o KHEAA

P.O. Box 4170

Frankfort, KY 40604-4170

(800) 564-6068

www.pnc.com

SunTrust Bank, Inc.

Lender #824135

P.O. Box 53377

Jacksonville, FL 32201

(800) 552-3006

www.suntrustededucation.com

Union Bank & Trust

Lender #823964

P.O. Box 82525

Lincoln, NE 68501-2525

(800) 755-7858

www.ubt.com

¹ FELMAC processes loans only for Auburn University using KHEAA Origination Services.

Debt . . . Debt . . . Debt

Debt . . . it's a scary but sometimes necessary step to take. However, it's important that you research all other means of financial aid before taking out a student loan. Don't forget that a student loan has to be repaid, whether you finish your education or like the school or program you've started. So approach this obligation with the realization that you're taking on a commitment . . . a commitment that will help improve your future but also one that requires you to be responsible. By making your payments on time and paying off your debt, you're establishing yourself as a good credit risk. This will help you later in life when you need to borrow money for something else (a car, furniture, or a home). Here are some tips that will help you to borrow wisely.



TIP 1 - CONTACT THE SCHOOL YOU PLAN TO ATTEND

Find out what other financial aid you qualify for before applying for a student loan. Grants, scholarships, and work-study usually do not have to be repaid.

Ask the financial aid officer what the total cost of attending school, including the estimated living expenses, is going to be.

Know what the school's refund policy is. Ask the financial aid officer or check the student handbook or class schedule.

Check with the school about entrance counseling. The school you'll be attending is required to provide this before you receive your first Federal Stafford Loan.

TIP 2 - CHECK OUT THE OCCUPATION THAT YOU ARE INTERESTED IN

Find out the job opportunities in that field to make sure you will be able to earn enough to pay back what you borrow as well as meet any other expenses you will encounter when you're in the working world. Defaulting on a student loan isn't an option, even if you can't find a job in the field you've trained for or if you don't make as much money as you thought you would. Research before committing yourself to a job where you won't earn enough money.

TIP 3 - FIND OUT ABOUT STUDENT LOANS BEFORE BORROWING

Borrow only what you need. Remember, you must repay your loan. The chart on the next page shows the approximate monthly payment required on a Federal Stafford Loan depending on the interest rate.



For new borrowers who have no outstanding loan balance, the interest rate is variable with a cap of 5 percent. Note that the chart shows the approximate monthly payment required on *each* Federal Stafford Loan. For example, if you have two \$5,000 loans, each from a different lender, your monthly payment would be \$106 (\$53 to each lender). For a quick estimate of how much you will pay based on how much you have borrowed, the interest rate, and the repayment period, use the Loan Repayment Calculator found under the *Quick Links* feature at www.alstudentaid.com, the Web site of the Alabama Student Loan Program-KHEAA.

(continued)

(Tip 3 - continued)

Consider getting all of your loans through one lender so you don't have to make payments to two or more lenders at the same time. This will simplify the process. The federal government requires the Master Promissory Note (MPN) for all Stafford Loans. For more information, visit www.kheaa.com/mpn_home.html.

Use student loans only for educational purposes. Giving false information, forging information, or using loans for any purpose other than legitimate school expenses is a crime. The Alabama Student Loan Program–KHEAA will seek prosecution through federal and state authorities for abuse or fraud in student loan programs.

Generally, you have up to 10 years to repay your student loans. A minimum monthly payment of \$50 is required. Your repayment period and amount will be based on your loan balance. An extended repayment plan is available if you owe more than \$30,000 in student loans. Under the extended repayment plan, you can take up to 25 years to pay, depending on how much you owe.

Federal Stafford Loan Repayment

Amount Borrowed	Estimated Monthly Payment		
	4%	4.5%	5%
\$ 5,000	\$ 51	\$ 52	\$ 53
\$10,000	\$101	\$104	\$106
\$15,000	\$152	\$155	\$159
\$20,000	\$202	\$207	\$212
\$25,000	\$253	\$259	\$265
\$30,000	\$304	\$311	\$318
\$35,000	\$354	\$363	\$371
\$40,000	\$405	\$415	\$424

TIP 4 - WHAT HAPPENS AFTER THE FIRST YEAR?

Most financial aid programs have renewal requirements and some limitations such as:

Maintaining a minimum grade point average.

Advancing to the next grade level.

Requiring students to reapply each year in order to receive aid.

Limiting the total number of years that aid can be received.

BEFORE YOU TRANSFER TO ANOTHER SCHOOL, BE SURE TO CHECK ON THE STATUS OF YOUR FINANCIAL AID.

TIP 5 - NOW THE FUN PART . . . REPAYMENT!

When you start making payments, think about paying a little extra—a few more dollars paid each month reduces the overall amount of interest you will pay over the life of the loan. If you pay an extra \$10 each month, \$120 a year, the extra money is applied to the principal you owe, which lowers the amount of interest you end up paying.

If you have any trouble making your payments, contact your lender immediately. You may be able to postpone or reduce your payments temporarily. Before you enter repayment, you will undergo exit counseling.

If you end up with more than one student loan, contact your lender or the Alabama Student Loan Program–KHEAA about consolidating your student loans. For more information about Federal Consolidation Loans, contact:

**Alabama Student Loan
Program–KHEAA
100 North Union Street
Suite 308
Montgomery, AL 36104
(800) 721-9720
[www.kheaa.com/
fed_cons.htm](http://www.kheaa.com/fed_cons.htm)**

Compare . . . Compare . . . Compare



To get the best idea of which school is making you the best offer, compare their financial aid packages. The form below will give you a comparison for three schools . . . if you're considering more, just make a copy of this page.

Cost should be an important consideration, but you also need to make sure that the school offers what you need for the career you've decided on.

Packaging of aid at most schools is tentative pending completion and verification of information on the financial aid application(s).

Package Evaluation

<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 33%; height: 100%; border-right: 1px solid black;"></div> <div style="position: absolute; top: 0; left: 33%; width: 33%; height: 100%; border-right: 1px solid black;"></div> <div style="position: absolute; top: 0; left: 66%; width: 33%; height: 100%;"></div> </div>			Instructions: If you're considering more than three schools, photocopy this page before proceeding. Select the schools for evaluation and write their names on the slanted lines. Fill in the information for each school in the appropriate column. What does your evaluation reveal?
Need Calculation			
			Total Cost of Attendance (varies from school to school)
			Minus Estimated Family Contribution (remains the same)
			Equals Financial Need
Financial Aid Package			
			Alabama Student Assistance Program Grant
			Alabama Student Grant
			Federal Pell Grant
			Federal Supplemental Educational Opportunity Grant (FSEOG)
			Other Grants
			Scholarships
			Federal Perkins Loan
			Federal PLUS Loan
			Federal Stafford Loan (Subsidized and/or Unsubsidized)
			Other Loans
			Work-Study
			Other Aid
			Total Financial Aid Package